



Meeting Title	Fyber N.V. Full Year 2018 Results Call
Speaker List	Ziv Elul Yaron Zaltsman
Operator	Ladies and gentlemen, welcome to Fyber's results call for the full year 2018. CEO, Ziv Elul, and CFO, Yaron Zaltsman, will outline the financial and operational highlights to you. After the presentation, you are invited to join the Q&A session. With that, I hand over to Mr. Elul.
Z. Elul	<p>Thank you and good afternoon everyone. Thank you for joining the presentation of the 2018 full year financials. Yaron Zaltsman, our CFO, and I will guide you through the key developments, the financials and the outlook.</p> <p>Please note that any forward-looking statements outlined in the presentation and the Annual Report itself are based on current expectations, and are, as a result, subject to market risks and uncertainties. All statements are based on information available to the Company as of the date of this presentation and are subject to the risks detailed in the risk section of the report, which can be downloaded on our website.</p> <p>To recap for new listeners, Fyber is a technology company, developing and providing a unique monetization platform to app developers and publishers. It is our purpose to provide them with stable and sustainable sources of income from high-quality targeted advertising. Our platform connects publishers with advertisers worldwide and ensures in real-time, that only meaningful and highest-paying ads get delivered to apps, maximizing the yield for publishers with each ad impression while maintaining a positive user experience.</p> <p>Fyber is listed on the Prime Standard of the Frankfurt stock exchange and has offices worldwide to best service our global customer base. We employ more than 270 employees worldwide, with almost 40% working in product, technology and R&D - making us a true technology company. We are fully focused on the area of biggest market growth in digital advertising, which is the in-app environment. Our gross revenue amounted to 129 million Euro last year, and we forecast at least 155 million in gross revenue for the full year 2019, bringing us to a year-over-year growth of more than 20%. Just to point out one highlight before discussing the financials in detail later - the programmatic parts of our core business grew by 38% in the last quarter of 2018 compared to Q4 2017 and grew 17% year-over-year in the first quarter of 2019. This is definitely a strong indicator of the growth that is possible in the future.</p> <p>The next two slides summarize some key highlights of the past period. First of all, the merger of the former group companies, which dominated many of our business, product and organizational efforts in 2018, is essentially done. Already in the beginning of the year we launched the new Fyber brand and sunsetted the other brands. We also completed the organizational integration, establishing one global company with one management team, taking out duplications and redundancies. As</p>



for the tech side of things - we have moved from three mediation platforms and two ad exchanges to one integrated product suite. We have launched our innovative in-app header bidding product Fyber FairBid and partnered with industry leaders such as Facebook Audience Network for this product. We are now in the final stages of completing the technological integration - but the major milestones of the integration have already been successfully completed and we are proud of the positive client feedback we have received.

Moreover, the one-off effects of our initiative to remove all in-direct inventory and non-core activities from our platforms, which negatively impacted our financials in 2018, are behind us. Starting from Q4 2018, our income was fully made up of our core business, fully focused on direct relationships with high-quality app publishers.

Our efforts to create a clean and transparent marketplace showed results already in 2018, with our core programmatic business growing 10% YoY for the full year, and 38% YoY for Q4 2018.

Fyber FairBid introduces true innovation to digital advertising. Since its release in Q4 2018 more than 2,000 apps went live using FairBid and we have recorded strong initial results, increasing revenue as well as the effectiveness of advertising for our publishers.

Moreover we launched a complete redesign of one of our core ad formats, called Offer Wall. Fyber is one of the few companies worldwide providing this rewarded ad format at scale and we expect Offer Wall to remain an important contributor to Fyber's revenues.

Looking at the financials, we continued our focus on efficiency, lowering the cost base and realizing important synergies. This led to a positive adjusted EBITDA in the last quarter of 2018 and enables a forecast of an adjusted EBITDA for the full year 2019 between break-even and plus 5 million Euro.

Moreover we completed an important improvement of our capital structure, with the voluntary exchange of convertible bonds worth €74 million, out of €150 million. With this we almost cut in half the amount of outstanding bonds and will be returning to positive equity for the full year 2019.

Before providing you with more details on the financials, we wanted to take the chance and highlight a few important details of the "New Fyber" - meaning the unified company, following the integration.

We streamlined our product offering to include 3 core products that together form a comprehensive app monetization solution through one service provider. These products are Fyber FairBid which is the next generation of mediation, Fyber Marketplace and Offer Wall Edge.

Being mindful of the time, I will only add some words on Fyber FairBid now. More details on all products can be found in the Annual Report.



Fyber FairBid is the next step in the evolution of Mediation, and a true innovation when it comes to in-app. Mediation was and is an important part of ad monetization for app publishers. There are however key disadvantages that pose the threat of missed revenue to publishers, and missed ad opportunities to advertisers. For example, the number of ad partners that publishers can use is limited, and the call for ads follows a sequence called 'the waterfall'.

Fyber FairBid solves these challenges by offering a truly parallel auction with potentially unlimited participants for each ad slot in real time. This increased competition from diverse sources of advertising results in better yield for publishers, and a more engaging ad experience for users.

We have brought together our vast knowledge of both mediation and real-time bidding to create this product and launch it before most of our competitors. In fact, we are one of only a few companies offering this trading mechanism at scale for in-app - this is also proven by the partnerships we have entered into for FairBid, including with Facebook Audience network.

The preliminary results for Fyber FairBid are very promising, as is the direct client feedback we have received so far. These numbers are based on limited data we have gathered so far and we will release more data in due time - but a clear trend of improved yield to publishers, a higher average revenue per daily active user, and a higher ad success rate for advertisers is visible. Overall, this means that Fyber FairBid benefits both publishers and advertisers!

Finally, I would like to summarize how we plan to leverage Fyber's assets and products to drive growth for the company.

The stated guidance is based on growth from new and existing publishers, as well as the monetization of existing products, and the roll out of new products to a larger share of our clients.

We have added many high-profile partners, both on the publisher and the advertiser side during 2018 and built up a strong pipeline for 2019. Our stickiness with clients remains high at above 85%.

We have seen good tractions from the existing portfolio, but 2018 was all about new products, new innovations and improvements, that we launched during the year. We will continue to roll them out to our clients during 2019.

With that I hand over to our CFO Yaron Zaltsman to guide you through the financials.

Y. Zaltsman

Thank you Ziv.

I would like to start with an overview of the P&L statement.

As mentioned, our revenue development was heavily affected by the necessary strategic decisions we took in order to set Fyber up for future growth, mainly the 'Keeping it Clean' initiative and the reorganization of our global sales teams.

I want to emphasize again that the decision to implement the 'Keeping it Clean' initiative was a critical factor in providing a technology platform that delivers the highest quality



and brand safety to our partners. This decision meant closing significant parts of our business but it was essential in order to enable Fyber's future growth.

In total, all one-off effects set the Company back by about 80 million Euro in gross revenue in 2018, compared to the year before.

However, they also meant improving the margins, leading to a net revenue margin of 36%, and reducing the total operating expenses by 25%.

The next slide illustrates the breakdown of our gross revenues. The one-off effects resulted in a 44% decline of the total gross revenue for the full year.

Yet the programmatic core business grew by 10% in 2018, and by 38% in the fourth quarter. We are confident in the growth of these parts of the business, based on our investments into programmatic and the recent successful product launches led by Fyber FairBid.

The overview by quarter supports this trend, showing the increase in programmatic core business, the positive effect on EBITDA and the decline in one-off effects.

The growth of the programmatic core business also continued in the first quarter of 2019, with gross revenue growing by 17% year-over-year. Total revenues still showed a slight decline of 6%, as the first quarter of 2018 was still pushed by the one-off effects that we later eliminated. Further savings in operational cost led to a 55% improvement in EBITDA - and solid starting position for the full year, given that Q1 is usually the quarter that contributes the least to the full year results based on the seasonality of the market.

For the full year we therefore expect to deliver gross revenue between 155 and 175 million Euro and positive adjusted EBITDA. This is based on the growth initiatives outlined by Ziv earlier and depending on the speed of adoption of our new products among existing and potential new clients.

Please take into account that we are starting from a significantly lower revenue base, as we carry forward only the core business based on direct publisher integrations and fully focused on in-app.

Looking at the balance sheet, we specifically highlighted the recent improvements following the debt-to-equity swap of parts of our convertible bond. We are in the process of exchanging €74 million Euro of said bonds into new shares for a swap price of 30 cent per share. This will bring the amount of outstanding bonds down by 50% and lead to positive equity for the full year 2019. We have added the preliminary unaudited numbers here and will publish the audited numbers with the Annual Report 2019.

Following the conversion, the Company will be mainly financed through the remaining 76 million Euro of the convertible bonds, and the shareholder loans by Sapinda, which in aggregate amount to 15 million Euro, both maturing mid 2020.

We are currently working on different refinancing options for the remaining debt and will update the market in due course.

We will be releasing the report for the first quarter of 2019 on 29th of May.



After the conclusion of the Bonds swap process we will be announcing the exact dates of our next conferences and roadshows on our website.

With that I hand over to the operator to open the call for questions. Thank you all for joining.

Operator

Ladies and gentlemen, if you have a question, please press nine and star on your telephone keypad. If you want to cancel your question, press nine and star once again. Please press nine, star now for your questions. The first question comes from Patrick Schmidt.

P. Schmidt

Hello, thank you very much for taking my question. I have just one on the competitive landscape, I think the financials are pretty clearly outlined, so, maybe you could frame the picture a little bit how competition changed over the last year. I mean, you're operating in a very competitive market, there's a lot of small players; in-house independent players so, maybe you could give us some indication on how you think about the market and the current developments. Thank you.

Z. Elul

Sure and thank you for your question. To be honest, the market is a very strong market obviously, and you know the ad technology, and there are very strong players in this market, like Google and Facebook, Twitter and so many others. I think the decision that we took a year ago to clean the marketplace helped us a lot, in a way to focus. We decided to focus on in-app, which was a very strong decision. The second decision was to focus on technology and platform. These two with the right strategy, enabled us to build the platform mentioned earlier in the presentation. To be focused on a new technology of mediation which was the in-app header bidding. For in-app header bidding there are not that many companies. That's why, also Facebook chose us to work with, that will enable us, together with them, to go out to publishers with this new product. So, there is, obviously, still competition, but we have over 2,000 apps live on Fyber FairBid already. We understood it was better to work directly, to work as an independent player, not like others that are not necessarily independent and to give a comprehensive solution when it comes to the supply-side. Our exchange and mediation capabilities are very strong. We believe that the in-app header bidding put us in a better place, with maybe two other large companies, like AdMob which is Google, and MoPub, which is Twitter. But we are as I mentioned before the independent player; that can benefit us when it comes to app developers and publishers that are looking for alternatives. Hope this answers your question.

P. Schmidt

Yeah, thank you very much.

Z. Elul

Thank you very much for the call. I appreciate your time. Have a good day.